

**TRI-CITY REGIONAL SANITARY DISTRICT
SPECIAL MEETING
FRIDAY, July 23, 2021**

President Jacques called the meeting to order at 5:15 p.m.

The **Pledge of Allegiance** was led by President Jacques

Roll Call: D. Buzan, R. Jacques, M.A. Moreno

Present: In Person - M. Harper, District Counsel; H. Farester; T. Werner; M. Krebs, PACE
Via Zoom – T. Stratton; L. Valdez; Jeff Hays, USDA; James Menlove

Status of contract discussions with PACE and USDA re changes proposed under professional engineering services with PACE for the TRSD Phase I Wastewater Collection and Treatment System - Robert Jacques reported that the purpose of the meeting is to update the board with respect to the Phase I agreement with PACE. Robert provided a timeline which related to the prior events leading up to this date. The Board approved the contract for engineering services on May 21, 2021. That was the target deadline. That approval was contingent upon concurrence by RD. On May 24, the agreement was sent from PACE to USDA-RD along with schedules. We were subsequently told by the RD engineer that because we made changes, the agreement was going to be routed to the office of the general counsel for review. The RD Engineer also advised that the fees proposed were atypically high in comparison to other projects based upon percentage figures. He said the decision was the District's relating to the fees. R. Jacques reported that the contract had been submitted to the Office of the General Counsel.

M.A. Moreno was briefly cut off the Zoom call, then brought back into the meeting by telephone.

R. Jacques reported that he wanted to raise the issue of the RD engineer's comments regarding the cost of engineering. He noted that USDA was prepared to move forward with the contract.

Mike Krebs of PACE advised the Board that the same figures have been reviewed at length with the prior USDA engineer and there had been no concerns raised. Krebs described the unusual challenges presented by this project.

Jeff Hays, USDA, explained that there had been a long lag time between engineers and that now there is a new engineer and template in place. As program director for the State of Arizona, he stated on behalf of USDA they have no concern with the PACE contract. He described the review as more procedural in nature and stated that USDA was in agreement with moving forward.

R. Jacques commented that he wanted to make sure the board was aware. He noted that Jeff Hays is comfortable with the numbers. Though one of the players changed, everything else stayed the same.

Jeff Hays stated that USDA understands that there is complexity to the project. There are obstacles to go along with this, including adding on service connections. He noted that the prior

engineer had seven years of experience with the project. He stated again that USDA is good with this contract and does not see this as an issue.

Mike Krebs noted that he worked closely and extensively with the previous engineer regarding all costs. He stated that he worked hard with USDA to secure the numbers. He stated that he generally does not look at percentages – the project needs to be reviewed as a whole. Krebs described the project as a tough one. Need to know where all the utilities are to prevent possible problems in the future.

M. Harper: Explained that USDA is the ultimate determiner of the use of federal funds. The structure of the federal assistance -- \$12M loan and \$16M grant – leaves the likely impact of the PACE fees with the amount of grant funds to be utilized.

T. Stratton echoed Harper's comments. Noted that there is a range of expense. Stated that the District is at high end but within acceptable parameters. USDA is agreeable, otherwise they would shut the project down. Stratton noted that due to the challenging topography the project would probably fall in the high end of the cost

L. Valdez noted that he has worked on this project since 2010. Stated that he is comfortable with where the District is at with USDA.

R. Jacques offered the public the opportunity to comment.

D. Buzan expressed his support for moving forward.

Question from Tom Werner re who signs the contract. Jacques explains that it is signed by PACE, the District and the USDA concurs.

Mary Ann Moreno made a motion to move forward with the contract as written. Motion was seconded by D. Buzan. Vote 3-0.

Schedule any Topic or Issue

The next Regular Meeting of the TRSD Board will take place on Monday, August 9, 2021 at 5:15 p.m. at the IBEW Hall

Adjournment M. Moreno moved the meeting adjourn. Motion seconded by D. Buzan. Motion passed 3-0.